



U.S. ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL

# EPA Can Further Reduce Space in Under-Utilized Facilities

Report No. 13-P-0162

February 20, 2013



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<b>Report Contributors:</b>	Marcia Hirt-Reigeluth Jennifer Hutkoff Yeon Kim Heather Layne Mike Davis
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## Abbreviations

CFR	Code of Federal Regulations
EPA	U.S. Environmental Protection Agency
FMSD	Facilities Management and Services Division
GSA	U.S. General Services Administration
HQ	Headquarters
OARM	Office of Administration and Resources Management
OIG	Office of Inspector General
SLATE	Strategic Lease and Asset Tracking Enterprise
USF	Usable Square Feet

**Cover photos:** *EPA facilities, from left:* the EPA Region 5 Ralph H. Metcalfe Federal Building, Chicago, Illinois; and the EPA Region 1 John W. McCormack Federal Building, Boston, Massachusetts. (EPA photos)

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## U.S. Environmental Protection Agency Office of Inspector General

13-P-0162  
February 20, 2013

# At a Glance

### Why We Did This Review

We sought to determine to what extent the U.S. Environmental Protection Agency's (EPA's) efforts to reduce under-utilized or unneeded property resulted in cost savings. The February 2004 Executive Order 13327, *Federal Real Property Asset Management*, promotes efficient and economical use of federal real property assets and assures management accountability for implementing federal real property management reforms such as the development and implementation of agency asset management plans. Federal real property is defined as any real property owned, leased, or otherwise managed by the federal government. The June 2010 Presidential Memorandum, *Disposing of Unneeded Federal Real Estate*, requires federal agencies to eliminate excess properties and lease arrangements that are not cost effective.

This report addresses the following EPA Goal or Cross-Cutting Strategy:

- Strengthening EPA's Workforce and Capabilities

For further information, contact our Office of Congressional and Public Affairs at (202) 566-2391.

The full report is at:

[www.epa.gov/oig/reports/2013/20130220-13-P-0162.pdf](http://www.epa.gov/oig/reports/2013/20130220-13-P-0162.pdf)

### EPA Can Further Reduce Space in Under-Utilized Facilities

#### What We Found

Although EPA has been releasing unneeded space since 2007, it continues to have under-utilized space. The U.S. General Services Administration (GSA) owns or leases facilities for EPA use. At 13 of the 16 facilities reviewed, we estimated that EPA had 433,336 square feet of under-utilized space as of February 2012. EPA is limited in what type of space it can release back to GSA before a lease expires. Space can only be released if it is marketable; configuration issues and the cost to relocate employees can pose problems. If all under-utilized space in our sample was marketable, we estimate EPA could save up to \$21.6 million annually by releasing under-utilized space. Also, EPA does not have a policy for determining when it should be housing contractors on-site in its facilities. Contractors occupied an estimated 197,000 square feet in the sampled facilities. We estimated that EPA spent up to \$9.9 million annually in housing contractors on-site at the sampled facilities.

EPA lacks accurate, current, and complete information on the number of personnel and usable square feet (USF) in its Strategic Lease and Asset Tracking Enterprise (SLATE) system for its GSA-owned/leased offices. As of April 2012, SLATE had incorrect personnel information for 13 of the 16 facilities sampled (81 percent), and 5 of 16 facilities sampled (31 percent) had incorrect information on USF. SLATE recorded a net 548 more personnel than what EPA facility managers had provided for the sampled facilities and a net 235,918 less USF than the sampled facilities had. Additionally, the entire USF of 325,128 for the Region 5 Ralph H. Metcalfe building was not reported in SLATE. This occurred because updates to SLATE are sporadic and inconsistent. Inaccurate data in SLATE hamper EPA's ability to make informed decisions about managing its facilities.

#### Recommendations and Planned Agency Corrective Actions

We recommend that the Assistant Administrator for Administration and Resources Management assess utilization of space and relocate staff where warranted. We also recommend that the Assistant Administrator develop and enforce a policy that requires contracting staff ensure that approval for on-site contractor performance is obtained from the responsible office, and require that personnel information for each facility be consistently tracked and updated in the appropriate EPA systems. The Agency concurred with all of the recommendations and proposed revised language, which we incorporated where appropriate.

#### Noteworthy Achievements

Since fiscal year 2007, EPA has saved nearly \$12.9 million by reducing space and plans to save an additional \$1.8 million by fiscal year 2014, for a total of \$14.7 million in savings.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

THE INSPECTOR GENERAL

February 20, 2013

**MEMORANDUM**

**SUBJECT:** EPA Can Further Reduce Space in Under-Utilized Facilities  
Report No. 13-P-0162

**FROM:** Arthur A. Elkins, Jr.

A handwritten signature in black ink that reads "Arthur A. Elkins, Jr."

**TO:** Craig E. Hooks  
Assistant Administrator for Administration and Resources Management

This is our report on the subject audit conducted by the Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA). This report contains findings that describe the problems the OIG has identified and corrective actions the OIG recommends. This report represents the opinion of the OIG and does not necessarily represent the final EPA position. Final determinations on matters in this report will be made by EPA managers in accordance with established audit resolution procedures.

**Action Required**

In accordance with EPA Manual 2750, you are required to provide a written response to this report within 60 calendar days. Your response will be posted on the OIG's public website, along with our comments on your response. Your response should be provided in an Adobe PDF file that complies with the accessibility requirements of Section 508 of the Rehabilitation Act of 1973, as amended. If your response contains data that you do not want to be released to the public, you should identify the data for redaction. You should include a corrective actions plan for agreed-upon actions, including milestone dates. We have no objections to the further release of this report to the public. This report will be available at <http://www.epa.gov/oig>.

If you or your staff have any questions regarding this report, please contact Melissa Heist, Assistant Inspector General for Audit, at (202) 566-0899 [heist.melissa@epa.gov](mailto:heist.melissa@epa.gov); or Mike Davis, Director for Efficiency Audits, at (513) 487-2363 or [davis.michaeld@epa.gov](mailto:davis.michaeld@epa.gov).

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# Chapter 1

## Introduction

### Purpose

The June 2010 Presidential Memorandum, *Disposing of Unneeded Federal Real Estate*, required federal agencies to accelerate efforts to identify and eliminate excess properties. Agencies were to dispose of surplus assets, consolidate facilities, and eliminate lease arrangements that were not cost effective. Accordingly, we sought to determine to what extent the U.S. Environmental Protection Agency's (EPA's) efforts to reduce under-utilized or unneeded property resulted in cost savings.

### Background

EPA facilities are comprised mostly of offices and laboratories in space owned or leased by either EPA or the U.S. General Services Administration (GSA). As of November 2011, the data in EPA's Strategic Lease and Asset Tracking Enterprise (SLATE) system showed that EPA occupied 170 facilities with approximately 10 million usable square feet (USF) of space at an annual operating cost of approximately \$279 million. USF is the net space occupied by a tenant for its personnel and equipment use and does not include fire corridors, toilets, mechanical rooms, and common building areas. SLATE also reported that these facilities housed 23,498 personnel; that number includes not only EPA staff but contractors, grantees, Senior Environmental Employment enrollees, and interns. Details are in table 1.

**Table 1: EPA facilities by legal interest**

Legal interest	No. of facilities	Percent	Personnel	USF <sup>3</sup>	Annual cost
EPA owned/leased	24	14.12%	5,536	4,224,479	\$45,530,093
EPA special use agreement <sup>1</sup>	10	5.88%	46	30,475	519,697
GSA-owned/leased <sup>2</sup>	134	78.82%	17,909	5,793,357	232,607,245
State government owned	2	1.18%	7	2,050	-
<b>Total</b>	<b>170</b>	<b>100.00%</b>	<b>23,498</b>	<b>10,050,361</b>	<b>\$278,657,035</b>

Source: Office of Inspector General (OIG) analysis of EPA's data in SLATE as of November 2011.

<sup>1</sup> Facilities where EPA personnel are co-located with other federal agencies or have special use arrangements with state or local entities.

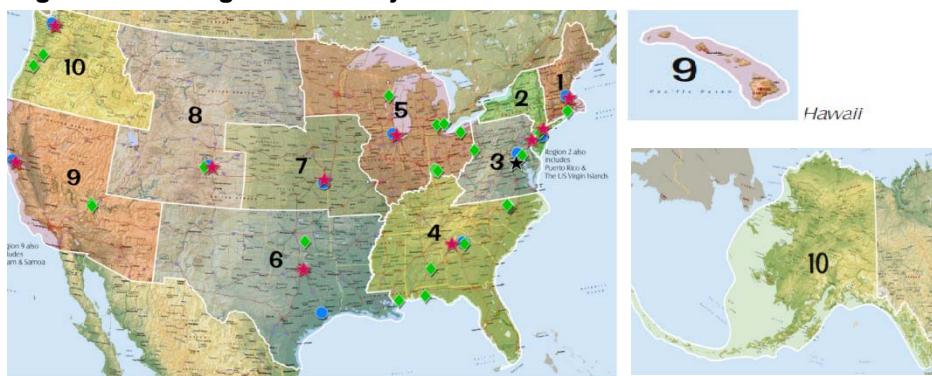
<sup>2</sup> Includes offices, laboratories, warehouses, storage, child care, and parking lots.

<sup>3</sup> Includes rentable square feet for one facility that did not record usable square feet.

EPA facilities are spread throughout the United States and Puerto Rico. Of the 170 facilities, approximately 59 are large facilities—greater than 20,000 USF.

The remainder of EPA's facilities are smaller, special-purpose buildings and project offices. Each of EPA's 10 regions has a regional office and at least one laboratory. Figure 1 shows details.

**Figure 1: EPA regions and major facilities**



- ★ EPA national headquarters – Washington, DC
- ★ Regional headquarters
- Central regional laboratories
- ◆ Program laboratories

Source: EPA's 2009 Nationwide Facilities Guide

### ***Initiatives to Reduce Federal Property***

The February 2004 Executive Order 13327, *Federal Real Property Asset Management*, promotes efficient and economical use of federal real property assets and assures management accountability for implementing federal real property management reforms such as the development and implementation of agency asset management plans. For the purpose of this executive order, federal real property is defined as any real property owned, leased, or otherwise managed by the federal government.

The June 2010 Presidential Memorandum, *Disposing of Unneeded Federal Real Estate*, directed agencies to take immediate steps to make better use of remaining real property assets as measured by utilization and occupancy rates, annual operating costs, energy efficiency, and sustainability. Agencies were to dispose of surplus assets, consolidate facilities, and eliminate lease arrangements that were not cost effective. Agencies were directed to use innovative approaches to space management and alternative workplace arrangements such as telework.

To carry out the requirements of the June 2010 memorandum, the Office of Management and Budget, in consultation with the GSA Administrator and the Federal Real Property Council, developed guidance in July 2010 for actions that agencies should take. The memo included agency-developed targets to achieve \$3 billion in cost savings by the end of fiscal year 2012. These savings included proceeds from the sale of assets; reduced operating, maintenance, and energy

expenses from disposals; and other space consolidation efforts, including ending of leases. EPA planned to contribute approximately \$7.8 million as part of the \$3 billion in savings.

EPA's July 2010 initial and April 2011 updated Real Property and Innovation Plan stated the Agency's commitment to reducing its environmental footprint through efficient management of its real property portfolio. The plan stated that the Agency would continue to monitor and assess its facilities' space utilization and take steps to reduce under-utilized space. Additionally, the Agency would continue to implement sustainable design, construction, alterations, and operations and maintenance.

The June 2011 Presidential Executive Order 13576, *Delivering an Efficient, Effective, and Accountable Government*, calls for a government that cuts waste and is fully accountable to the American public. As part of this executive order, the President charged federal chief financial officers with increasing efforts to identify, execute, and report on cost savings within federal agencies.

## Noteworthy Achievements

Since fiscal year 2007, EPA has released more than 380,000 square feet of space with cost savings of nearly \$12.9 million. EPA plans to save an additional \$1.8 million in fiscal years 2012 through 2014 by releasing additional space, for a total of \$14.7 million in savings (table 2).

**Table 2: EPA space released**

Year	Square feet released	Cost savings
Fiscal years 2007–2011	380,756	\$12,864,283
Planned for fiscal years 2012–2014	71,157	\$1,843,112
<b>Total</b>	<b>451,913</b>	<b>\$14,707,395</b>

Source: OIG analysis of EPA's data.

## Scope and Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We performed the audit from November 2011 to October 2012. We visited the Facilities Management and Services Division (FMSD) and Office of Acquisition Management in the Office of Administration and Resources Management, Washington, DC. We interviewed FMSD officials in headquarters (HQ) and regional

facility managers for 16 sampled facilities to determine their roles and responsibilities and to verify information on personnel head counts and USF in SLATE. We interviewed the Office of Acquisition Management Special Assistant and Region 9's contracting personnel to gain a better understanding of EPA's policies and procedures regarding allocation of space to on-site contractors.

We selected 16 GSA-owned/leased facilities for review, as shown in table 3.

**Table 3: Sixteen Sampled Facilities**

Region	State	City	Building Name	Usable Square Feet	No. of Personnel
HQ	District of Columbia	Washington	Ariel Rios Federal Building	446,324	1,649
HQ	District of Columbia	Washington	1310 L Street	135,901	570
HQ	District of Columbia	Washington	Ronald Reagan Building	230,664	1,137
HQ	District of Columbia	Washington	Colorado Building	9,667	20
1	Massachusetts	Boston	John W. McCormack Building	224,261	845
2	New York	New York	Ted Weiss Federal Office Building	269,834	851
2	Puerto Rico	Guaynabo	City View Plaza	19,700	60
3	Pennsylvania	Philadelphia	1650 Arch Street	268,968	1,133
5	Illinois	Chicago	Ralph H. Metcalfe Federal Building	0	1,558
5	Michigan	Ann Arbor	National Vehicle & Fuel Emissions Laboratory - Office Building	59,100	235
5	Ohio	Norwood	Norwood Professional Building	28,594	85
6	Texas	Dallas	Fountain Place	239,130	1,052
7	Kansas	Kansas City	901 North 5th Street	182,554	700
9	California	San Francisco	75 Hawthorne Street	253,919	1,160
9	California	Los Angeles	Los Angeles Field Office	13,813	25
10	Washington	Seattle	Park Place Building	154,006	669
<b>Total</b>				<b>2,536,435</b>	<b>11,749</b>

Source: OIG analysis of EPA data in SLATE as of November 2011 (further details on OIG methodology in appendix A).

To determine applicable criteria, we reviewed the following:

- Code of Federal Regulations (CFR), 41 CFR Part 102-79, *Assignment and Utilization of Space*
- Executive Order 13327, *Federal Real Property Asset Management*, February 2004
- GSA's July 2011 report, *Workspace Utilization and Allocation Benchmark*
- Federal Real Property Council's *Guidance for Improved Asset Management*, December 2004
- Presidential Memorandum, *Disposing of Unneeded Federal Real Estate*, June 2010

- Office of Management and Budget's July 2010 Management Procedures Memorandum No. 2010-07, *Development of a Real Property Cost Savings and Innovation Plan*
- Executive Order 13576, *Delivering an Efficient, Effective, and Accountable Government*, June 2011

Further details on the scope and methodology used—including the methodology to select our sample, calculate under-utilized space, and calculate cost savings—are in appendix A.

## **Chapter 2**

### **EPA Can Further Strive for Space Reduction**

Although EPA has been releasing unneeded space since 2007, EPA continues to have under-utilized space. At 13 of the 16 GSA-owned/leased EPA facilities reviewed, we estimated that EPA had 433,336 square feet of under-utilized space as of February 2012. EPA is limited in what type of space it can release back to GSA before a lease expires. Space can only be released if it is marketable; configuration issues and the cost of relocating employees can pose additional problems. If all the under-utilized space in our sample were marketable, we estimate EPA could save up to \$21.6 million annually by releasing under-utilized space. Also, EPA does not have a policy for determining when it should be housing contractors on-site in its facilities. Contractors occupied an estimated 197,000 usable square feet in the sampled facilities. We estimated that EPA spent at least \$5.8 million and up to \$9.9 million annually in housing contractors on-site at the sampled facilities.

### **Federal Policies Seek to Reduce Space**

The June 2010 Presidential Memorandum, *Disposing of Unneeded Federal Real Estate*, required:

- Federal agencies to take immediate steps to make better use of remaining real property assets, as measured by utilization and occupancy rates and annual operating costs.
- To the extent permitted by law, agencies dispose of surplus assets, eliminate lease arrangements that are not cost effective, pursue consolidation opportunities within and across agencies in common asset types, increase occupancy rates in current facilities through innovative approaches to space management and alternative workplace arrangements such as telework, and identify offsetting reductions in inventory when new space is acquired.

*Assignment and Utilization of Space*, 41 CFR Part 102-79, states:

An Executive agency must promote maximum utilization of Federal workspace, consistent with mission requirements, to maximize its value to the Government. 41 CFR §102-79.10.

Executive agencies must promote the optimum use of space for each assignment at an economical cost to the Government, provide quality workspace that is delivered and occupied in a timely

manner, and assign space based on mission requirements. 41 CFR §102-79.20.

## EPA Has Under-Utilized Space

EPA planned to save \$7.8 million as part of the federal government's efforts to reduce space to comply with the June 2010 Presidential Memorandum. Since fiscal year 2007, EPA has released over 380,000 square feet of space with a savings of nearly \$13 million, and plans to save an additional \$1.8 million in fiscal years 2012 through 2014 (see table 2, chapter 1). Nonetheless, despite EPA's efforts, at 13 of the 16 EPA facilities in our sample of GSA-owned/leased facilities, we estimated that EPA had 433,336 square feet of under-utilized space as of February 2012. We estimated the annual operating cost of this under-utilized space to be approximately \$21.6 million annually. A breakdown is in table 4 and further details are in appendix B.

**Table 4: Under-utilized space and annual costs for 13 facilities using 210 USF per person**

Location and building name	Total under-utilized space	Excess annual operating cost
HQ-Ariel Rios Federal Building	100,589	\$5,664,167
R 2-Ted Weiss Federal Building	64,676	5,274,975
R 1-John W. McCormack Building	78,064	4,350,507
R 7-901 North 5th Street	49,849	1,941,619
R 5-Ralph H. Metcalfe Federal Building	33,360	1,336,402
R 3-1650 Arch Street	41,192	1,112,184
R 10-Park Place Building	10,275	448,812
R 2-City View Plaza, Puerto Rico	6,489	393,169
HQ-Colorado Building	6,103	345,674
R 6-Fountain Place	11,924	245,754
R 9-Los Angeles Field Office	7,830	183,770
HQ-310 L Street	18,500	182,595
R 5-Norwood Professional Building	4,485	96,966
<b>Total</b>	<b>433,336</b>	<b>\$21,576,594</b>

Source: OIG analysis of EPA data provided by FMSD and regional facility managers as of February 2012.

GSA's July 2011 report, *Workspace Utilization and Allocation Benchmark*, recommended a federal benchmark of 190 USF per person. GSA staff stated that, in determining the benchmark, they included only office or cubicle areas and a portion of shared space such as conference rooms and hall space. Also, GSA's July 2011 report further states that the average space allocated could be reduced to only 60 square feet in the next 5 years. In response to our draft report, the Agency stated that "the GSA document hypothesises (sic) that the 60 square feet could be achieved only through extensive use of alternative workspace arrangements, such as hoteling, home office and teleworking on a fulltime basis. The EPA's current policy limits telework to no more than two days per week and

would therefore have to be modified. Such a significant change has already been the subject of extensive negotiation and delay. Hence, at this time, the EPA does not recognize that the average office space can be reduced to 60 square feet in upcoming years.” We recognize that the 60 square feet relates to alternative workspace arrangements for teleworking employees. However, as the Agency has already started to move toward enhanced telework in Regions 7 and 9 that allows employees to telework more than 2 days per week, this option could become a viable option.

In determining EPA’s under-utilized space, we used EPA’s internal standard of 210 USF per person as opposed to GSA’s 190 USF because EPA office spaces include a variety of support spaces that GSA does not include in its 190 USF benchmark. These support spaces include areas for conferences, copying, public information, computers, library, filing, storage, mail and stock, and an employee lounge. We decided to use 210 USF since EPA tracks all of the support space that GSA excludes from its benchmark when computing USF, and since FMSD does not readily track the excluded GSA support space. We believe that applying 210 USF per person for calculating space utilization is the generalized and conservative workspace average and demonstrates whether EPA’s facilities are under-utilized. EPA’s 2011 draft *New Mobile Work Space Design Guidelines* require a typical work station to be up to 60 USF and a telework station up to 30 USF per person not including support spaces. In response to the draft report, the Agency stated that the guideline numbers of 60 and 30 USF are not considered reductions from the 210 square feet per person number, which incorporates required space outside the actual workstation for circulation, filing, conferencing, collaboration, and small meeting rooms. The Agency stated a reasonable design reduction from 210 square feet would be 175 square feet per person.

EPA had conducted space assessments in 2005 and 2007. Given the under-utilized space disclosed by the OIG, the Agency needs to further assess utilization of GSA-owned and leased facilities and consider relocating staff to reduce under-utilized space.

### ***EPA Needs to Establish Space Guidelines for Support Spaces***

EPA’s normal practice is to make a determination 5 years before a lease expires whether the Agency will stay in its current location or put out a request for proposals for new space. As part of this process, EPA performs a space assessment to determine space requirements. However, EPA’s draft 2011 space guidelines do not include specific guidelines for support spaces.

In a 2005 rent analysis conducted by an EPA contractor, the contractor recommended that EPA define and allocate support spaces (training, conference, filing rooms, etc.) based on the actual requirements for these spaces. However, FMSD performs an overall assessment of space on a case-by-case basis when a lease is up for renewal. The Chief of FMSD’s Architecture, Engineering and

Asset Management Branch explained that during the assessment, support space is determined by need at the individual facility. EPA's July 2004 *Space Acquisition and Planning Guidelines* describe the approximate size and frequency of special spaces typically found in EPA facilities. However, EPA's October 2011 draft *New Mobile Work Space Design Guidelines* focus on workstations and offices. It generally describes what should be in the support space but does not include specific space allowance guidelines for these spaces. Establishing guidelines, analyzing the support space specifically based on need, and determining that it is within the established guidelines are essential in determining whether an office is sized correctly and fully utilized.

### ***Limitations on Returning Space to GSA***

EPA is limited in returning marketable space to GSA. EPA's occupancy agreement with GSA allows EPA to return marketable space or terminate a lease with 120 days notice. EPA is locked into long-term lease agreements (10 years) with GSA unless it can return a marketable space to GSA during the lease. Otherwise, EPA must remain in place until the lease expires.

Other factors related to space configuration impact the ability of EPA to return under-utilized space to GSA. For example, EPA Region 3 planned to return an entire floor and portions of two others to GSA before abandoning such plans for security reasons. The original GSA lease for the EPA Region 3 building required space where only government employees could use an elevator bank with access to its space. Returning the space would potentially have allowed the general public to have access to the elevator bank and EPA space. In addition, FMSD's Chief of the Architecture, Engineering and Asset Management Branch said that the Ariel Rios building and the Colorado building in Washington, DC, along with the John W. McCormack building in Region 1 (Boston, Massachusetts) are historic buildings that have corridors and hallways that cannot be reduced. FMSD's Chief of the Architecture, Engineering and Asset Management Branch also stated that there is substantial cost involved when the Agency relocates employees for space reduction; if the cost outweighs the benefits, the Agency will not implement the space reduction.

## **EPA Does Not Have a Policy for Determining When Contractors Should Be On-Site**

EPA houses contractors on-site without determining in advance if they should be housed on-site. Our review of 16 GSA-owned/leased facilities determined that contractors occupied space in 14 facilities totaling an estimated 197,000 square feet of EPA space. However, there is no Agency policy outlining what contractor functions are essential to the Agency and require contractors working on-site, and program officers are not required to justify the need to house contractors on-site. EPA spends at least \$5.8 million and up to \$9.9 million annually housing

contractors and a policy is needed to ensure contractors are only housed in EPA space when justified.

### ***EPA Studies and Guidance Address Contractors Being Off-Site***

EPA's *2009 Rent Efficiencies Report* recommended that EPA explore options to have contractors located at contractor-provided locations if those contractors are deemed "non-mission critical" or not meeting on-site qualifying criteria. Also, the EPA Support Service Contracting Guide states that efforts should be taken to ensure that contractor employees do not occupy the same space with federal employees unless it is required.

EPA's *Contracts Management Manual*, Section 3.2.5, states that program and regional offices must identify all contracts where the contractor is working at a government facility and evaluate whether this is appropriate and necessary and, if not, relocate the place of performance to an off-site location.

### ***No Policy for Determining On-Site Contractors***

There is no overarching EPA policy regarding housing contractors on-site in EPA space. Each region has its own way of determining which contract personnel need to be housed in EPA space. Often, it is decided on a contract-by-contract basis. The Special Assistant to the Director of the Office of Acquisition Management and a senior Region 9 contracting officer confirmed that there is no official EPA policy regarding contractor personnel being assigned space within EPA owned/leased facilities. The Special Assistant to the Director of the Office of Acquisition Management also stated that program officers were not required to justify the need to house contractors on-site. Without a policy on what contractors should be provided space in EPA facilities, upfront determinations are not made on the space that contractors need and EPA may pay for unnecessary contractor space.

As of February 2012, EPA spent approximately \$9.9 million annually housing contractors on-site for the 16 sampled facilities (table 5 and appendix C).

**Table 5: Cost of housing contractors on-site at 16 sampled facilities**

<b>Location and building name</b>	<b>No. of contractors</b>	<b>Annual cost for contractor space</b>
R 1-John W. McCormack Building	53	\$951,081
R 2-City View Plaza, Puerto Rico	-	-
R 2-Ted Weiss Federal Building	79	1,843,653
R 3-1650 Arch Street	82	549,007
R 5-National Vehicle & Fuel Emissions	36	300,026
R 5-Norwood Professional Building	7	37,716
R 5-Ralph H. Metcalfe Federal Building	58	543,097
R 6-Fountain Place	77	350,906
R 7-901 North 5th Street	11	123,723
R 9-75 Hawthorne Street	59	640,458
R 9-Los Angeles Field Office	3	33,786
R 10-Park Place Building	40	392,863
Subtotal – contractors only	<b>505</b>	<b>\$5,766,316</b>
HQ-Ronald Reagan Building	135 <sup>1</sup>	2,193,470
HQ-Ariel Rios Federal Building	117 <sup>1</sup>	1,784,260
HQ-1310 L Street	51 <sup>1</sup>	124,330
HQ-Colorado Building	-	-
Subtotal – contractors and nonfederal personnel	<b>303</b>	<b>\$4,102,060</b>
<b>Total</b>	<b>808</b>	<b>\$9,868,376</b>

Source: OIG analysis of data in SLATE and from EPA sampled office facility managers as of February 2012:

<sup>1</sup> Calculation includes contractors as well as Senior Environmental Employment enrollees, and others as FMSD was unable to provide breakdowns.

## Conclusion

EPA can potentially achieve up to \$21.6 million in cost savings annually by releasing all under-utilized office space for 13 of the 16 sampled facilities reviewed. EPA can also potentially save at least \$5.8 million and up to \$9.9 million annually by not housing contractors on-site in 14 of the 16 sampled facilities that housed contractors. EPA's occupancy agreement with GSA allows EPA to return space or terminate a lease with 120 days notice if it is marketable. However, EPA is locked into 10-year, long-term lease agreements with GSA for these office spaces unless it can return a marketable space to GSA during the lease, and also faces other obstacles in eliminating under-utilized space. Nonetheless, EPA has the potential to achieve savings when office space is renovated or relocated, and EPA should continue to pursue reducing under-utilized space.

## **Recommendations**

We recommend that the Assistant Administrator for Administration and Resources Management:

1. Assess utilization of GSA-owned and leased facilities and relocate staff as warranted to reduce under-utilized space.
2. Develop space guidelines for support spaces and assess the number and size of support spaces needed at the time of a new or renewal lease.
3. Require the Office of Acquisition Management, in conjunction with the Office of Administration, to develop and enforce a policy that requires contracting staff ensure approval for on-site contractor personnel is obtained from the responsible office and documented in the contract file.

## **Agency Response and OIG Evaluation**

The Agency concurred with the findings and recommendations and provided milestone dates for the recommendations. The Agency also proposed some revised language, which we incorporated where appropriate in the report. The Agency's full response is in appendix D.

The Agency concurred with recommendation 1 and stated that the Office of Administration and Resources Management (OARM) continues to identify options throughout program offices and the regions to do work differently in support of the June 2010 Presidential Memorandum, *Disposing of Unneeded Federal Real Estate*. To further this initiative and at the direction of the Administrator and Chief Financial Officer, OARM is implementing a plan to reduce the EPA's office space by 20 percent at its leased facilities. In subsequent discussions, the Agency stated that given the breadth of the Agency's space consolidation project and the unknowns involved, it is difficult to provide a meaningful completion date. However, Office of Administration's projected completion date, based on the availability of sufficient funding, is December 2022. On December 17, 2012, Craig E. Hooks, Assistant Administrator issued a memo to EPA's senior leadership on EPA's Space Redesign Effort. The memo stated that, "To further this effort and at the direction of the Administrator and Chief Financial Officer, OARM is implementing a plan to reduce the EPA's office space by 20 percent at our leased facilities. The plan is to transform agency work space so that it is more efficient, collaborative and technologically sophisticated, and will reduce the agency's physical and environmental footprints. ...This is an ambitious, multiyear, agencywide effort for which I am seeking your support as the EPA's senior leaders. It will position the agency to better achieve our mission through greater openness and collaboration; enhance the quality of work life in our workplace; support the government wide mobile/flexible workplace initiative

and reduce our energy and greenhouse gas emissions." We agree with the Agency's corrective action for recommendation 1.

The Agency concurred with recommendation 2 and stated that OARM will revise the October 2011 draft *New Mobile Work Space Design Guidelines* to include support space guidance that will be used for new and renewal leases. The corrective action is expected to be completed by December 2013. We agree with the Agency's corrective action for recommendation 2.

The Agency initially did not concur with recommendation 3 to require the Office of Acquisition Management, in conjunction with the Office of Administration, to develop and enforce a policy that requires justification for contractor personnel to utilize on-site work space at EPA facilities and confirmation of the justification by FMSD and regional facility managers. The Agency stated that decisions regarding on-site contractors are strictly based on the work being performed. Rather than developing and enforcing a policy, OARM believes that a more prudent approach would be to require EPA's contracting staff to ensure that approval for on-site contractor performance is obtained from the responsible office and documented in the contract file. We agree with the Agency's proposed language for recommendation 3 and have revised it accordingly. However, our position remains unchanged for development of a policy. During the exit conference, OAM stated that it will establish a work group to develop an agency-wide process with associated guidance, for consideration for contractor personnel to be housed in on-site, EPA occupied work space. EPA expects to have this process in place by September 2013. We agree with the Agency's corrective action for recommendation 3.

## **Chapter 3**

### **Personnel and Usable Square Feet Data in SLATE**

### **Not Updated Timely**

EPA lacks accurate, current, and complete information on the number of personnel and usable square feet (USF) in SLATE for its GSA-owned/leased offices. As of April 2012, SLATE had incorrect personnel information for 13 of the 16 facilities sampled (81 percent), and 5 of 16 facilities sampled (31 percent) had incorrect information on USF. SLATE recorded a net 548 more personnel than what EPA had working in the sampled facilities and listed a net 235,918 fewer USF than the sampled facilities had. Additionally, the entire USF of 325,128 for the Region 5 Ralph H. Metcalfe building was not reported in SLATE; it only reported rental square feet in SLATE. This occurred because updates to SLATE are sporadic and inconsistent. Inaccurate data in SLATE hamper EPA's ability to make informed decisions for managing its facilities.

#### **SLATE and Its Data Quality and Integrity Important**

The SLATE system describes SLATE as follows:

SLATE is a Web-based, comprehensive management and strategic planning system developed for use by those responsible for real property management at EPA. SLATE is designed to maintain and allow viewing of all EPA facilities, including building plans, lease information, photographs, personnel, space and energy usage, budget requests, cost, and construction project tracking.

SLATE allows a user to submit and maintain facility level data as well as to view, create reports on, and print a wide range of facility information. The system tracks construction projects from their planning stages through the budget process and supports design, construction, and commissioning by maintaining drawings, photographs, contracts, work plans, and other supporting project data. SLATE also provides space use analyses of EPA buildings and allows EPA to do long-term planning for buildings and facilities budgets.

FMSD's *Standards of Behavior for Strategic Lease and Asset Tracking Enterprise (SLATE)*, Section 2.5, *Integrity*, states, "Employees shall protect the integrity and quality of information." Section 2.5.1 requires employees to "[r]eview the quality of information as it is collected, generated, and used to make sure it is accurate, complete and up-to-date."

## Personnel Information in SLATE Not Accurate

As of April 2012, SLATE had incorrect personnel information for 13 of the 16 facilities sampled, or 81 percent (table 6). Personnel information is the number of employees and other non-federal staff in each facility. Personnel numbers include full-time EPA employees, Stay-in-Schools, Senior Environmental Employment enrollees, and on-site contractor personnel.

**Table 6: Comparison of personnel information for 16 sampled facilities**

<b>Location and building name</b>	<b>Per facility managers</b>	<b>Per SLATE</b>	<b>Personnel over/(under)</b>	
			<b>in SLATE</b>	<b>%</b>
HQ–Ariel Rios Federal Building	1,649	1,649	-	-
HQ–1310 L Street	500	570	70	14%
HQ–Ronald Reagan Building	1,137	1,137	-	-
HQ–Colorado Building	17	20	3	18%
R 1–John W. McCormack Building	697	845	148	21%
R 2–Ted Weiss Federal Building	851	851	-	-
R 2–City View Plaza, Puerto Rico	63	60	(3)	(5%)
R 3–1650 Arch Street	1,084	1,133	49	5%
R 5–Ralph H. Metcalfe Federal Building	1,390	1,558	168	12%
R 5–National Vehicle & Fuel Emissions	282	235	(47)	(17%)
R 5–Norwood Professional Building	115	85	(30)	(26%)
R 6–Fountain Place	1,084	1,052	(32)	(3%)
R 7–901 North 5th Street	631	700	69	11%
R 9–75 Hawthorne Street	987	1,160	173	18%
R 9–Los Angeles Field Office	29	25	(4)	(14%)
R 10–Park Place Building	685	669	(16)	(2%)
<b>Total</b>	<b>11,201</b>	<b>11,749</b>	<b>548</b>	<b>4.89%</b>
<b>% of facilities not updated in SLATE</b>			<b>81.25%</b>	

Source: Data from SLATE and facility managers as of April 13, 2012.

FMSD does not require facility managers to update personnel information on a systematic or regular basis and there is no quality assurance or verification of this data in SLATE. The Chief of FMSD's Architecture, Engineering and Asset Management Branch stated that personnel information is entered into SLATE at the time the Occupancy Agreement/Lease is signed with GSA, and it is only updated when an office is realigned or is in the process of being moved or relocated. In addition, the FMSD SLATE project manager said that FMSD does not track personnel numbers in SLATE because it is a "moving target." Further, facility managers determine personnel numbers in a variety of different ways, including:

- Information Services Information System–regionally developed system
- Systematic basis when in the process of a move
- Employee directory database
- Roster database

## USF Information in SLATE Not Accurate

As of April 2012, SLATE had incorrect USF information for 5 of the 16 facilities sampled, or 31 percent (table 7).

**Table 7: Comparison of USF information for 16 sampled facilities**

Location and building name	USF per FMSD	USF per SLATE	USF over/(under)	
			in SLATE	%
HQ—Ariel Rios Federal Building	446,324	446,324	-	-
HQ—1310 L Street	123,279	135,901	12,622	10%
HQ—Ronald Reagan Building	230,664	230,664	-	-
HQ—Colorado Building	9,667	9,667	-	-
R 1—John W. McCormack Building	224,261	224,261	-	-
R 2—Ted Weiss Federal Building	243,057	269,834	26,777	11%
R 2—City View Plaza, Puerto Rico	19,700	19,700	-	-
R 3—1650 Arch Street	268,968	268,968	-	-
R 5—Ralph H. Metcalfe Federal Building	325,128	-	(325,128)	(100%)
R 5—National Vehicle & Fuel Emissions	59,100	59,100	-	-
R 5—Norwood Professional Building	28,594	28,594	-	-
R 6—Fountain Place	239,130	239,130	-	-
R 7—901 North 5th Street	182,554	182,554	-	-
R 9—75 Hawthorne Street	204,014	253,919	49,905	24%
R 9—Los Angeles Field Office	13,907	13,813	(94)	(1%)
R 10—Park Place Building	154,006	154,006	-	-
<b>Total</b>	<b>2,772,353</b>	<b>2,536,435</b>	<b>(235,918)</b>	<b>(8.51%)</b>
<b>% of facilities not updated in SLATE</b>				<b>31.25%</b>

Source: FMSD and SLATE as of April 13, 2012.

Similar to SLATE's personnel information, the Chief of FMSD's Architecture, Engineering and Asset Management Branch said that USF information is entered into SLATE at the time the Occupancy Agreement/Lease is signed with GSA, and there is no quality assurance or verification of this data in SLATE. In addition, this information is updated only when the lease is renewed or when EPA gives up space. FMSD provided the following examples of where USF was not updated in SLATE:

- San Francisco office—It was under a third lease extension due to the design/construction for a succeeding lease.
- Los Angeles field office—A reduction in space is planned, and the realty specialist was waiting for information on the reduction's scope.
- New York office—It was not updated as GSA re-measured the building.
- 1310 L Street building at HQ, and Chicago facilities—It was not timely updated due to an inadvertent oversight.

Accurate information on personnel and USF is a key component in determining under-utilized office space and in determining office requirements when an office space is realigned or relocated. For our calculation of under-utilized space for our 16 sampled offices, we had to obtain the updated personnel information for the

audit from the regional facility managers of the 16 sampled facilities and updated information on USF from the Chief of FMSD's Architecture, Engineering and Asset Management Branch. Inaccurate personnel and USF data in SLATE on GSA-owned/leased offices hampers EPA's ability to make informed decisions for managing its facilities.

## **Number of Facilities in SLATE Not Accurate**

As of April 2012, information in SLATE showed 172 EPA facilities but showed one of those facilities as a "Nationwide" facility with no data. This should not be considered a facility for listing purposes. Another line item, "La Plaza Building (Off Campus Facilities)," in Region 9, was a duplicate entry; it was a summary of five offices also listed. These two line items should not be listed in SLATE, and the total number of facilities in SLATE should have only been 170.

## **Conclusion**

EPA lacks sufficiently accurate, complete, and up-to-date information on the number of personnel and USF in SLATE for its GSA-owned/leased offices. If this information is not updated on a systematic basis, EPA's ability to make informed decisions for managing its facilities is hampered.

## **Recommendations**

We recommend that the Assistant Administrator for Administration and Resources Management:

4. Require that personnel information be consistently tracked and updated in EPA's designated real property management system on an annual basis or more often if needed.
5. Require FMSD to update USF information whenever a change in office space is made.

## **Agency Response and OIG Evaluation**

The Agency concurred with the findings and recommendations, and provided milestone dates for the proposed corrective actions. The Agency's full response is in appendix D.

The Agency concurred with recommendation 4 and stated that OARM is developing a process whereby facility mangers will be required to update personnel data in the designated real property asset management system. SLATE is no longer an active system. FMSD staff will provide oversight to ensure updates are provided. The corrective action is expected to be

completed by December 2013. We agree with the Agency's corrective action for recommendation 4.

The Agency concurred with recommendation 5 and stated that OARM has an internal policy to update the usable square feet of any agency facility once the EPA assumes or releases occupancy of space. Facility managers will update the usable square feet which will be audited by FMSD staff. The corrective action is expected to be completed by December 2013. We agree with the Agency's corrective action for recommendation 5.

## ***Status of Recommendations and Potential Monetary Benefits***

RECOMMENDATIONS						POTENTIAL MONETARY BENEFITS (in \$000s)	
Rec. No.	Page No.	Subject	Status <sup>1</sup>	Action Official	Planned Completion Date	Claimed Amount	Agreed-To Amount
1	12	Assess utilization of GSA-owned and leased facilities and relocate staff as warranted to reduce under-utilized space.	O	Assistant Administrator for Administration and Resources Management	December 2022		
2	12	Develop space guidelines for support spaces and assess the number and size of support spaces needed at the time of a new or renewal lease.	O	Assistant Administrator for Administration and Resources Management	December 2013		
3	12	Require the Office of Acquisition Management, in conjunction with the Office of Administration, to develop and enforce a policy that requires contracting staff ensure approval for on-site contractor personnel is obtained from the responsible office and documented in the contract file.	O	Assistant Administrator for Administration and Resources Management	September 2013		
4	17	Require that personnel information be consistently tracked and updated in EPA's designated real property management system on an annual basis or more often if needed.	O	Assistant Administrator for Administration and Resources Management	December 2013		
5	17	Require FMSD to update USF information whenever a change in office space is made.	O	Assistant Administrator for Administration and Resources Management	December 2013		

<sup>1</sup> O = recommendation is open with agreed-to corrective actions pending  
C = recommendation is closed with all agreed-to actions completed  
U = recommendation is unresolved with resolution efforts in progress

## ***Details on Scope and Methodology***

We reviewed EPA's Metropolitan Architects and Planners contract for information on EPA contract space reduction activities. We also reviewed EPA's Asset Management Plan, EPA's Real Property Cost Savings and Innovation Plan, EPA's *Space Acquisition and Planning Guidelines*, and draft *Mobile Work Space Design Guidelines*, to determine EPA's criteria and methodology for managing space and identifying and realizing real property cost savings.

We reviewed space consolidation efforts such as the 2009 *EPA Rent Efficiencies Report*, EPA's master rent avoidance charts, and the Metropolitan Architects and Planners' October 2005 final report *US EPA Nationwide Rent Analysis*. We verified EPA's rental space and cost reduction accomplished to its records. We verified GSA's Rent-On-Web annual operating costs in SLATE to billings in GSA's Rent-On-Web website. We also obtained updated head counts from regional facility managers and USF from FMSD.

We reviewed fiscal years 2010 and 2011 Integrity Act Annual Assurance Letters for EPA's OARM and Office of the Administrator to determine whether those letters identified any weaknesses related to property and space reduction. The letters did not identify such weaknesses.

### **Methodology to Select Sample and Calculate Cost Savings**

To select a sample of EPA facilities for review, we:

- Obtained a listing of facilities in SLATE. We determined that there were 170 facilities that EPA used as of November 2011 at an annual operating cost of approximately \$279 million.
- Analyzed the 170 EPA facilities. We excluded laboratories because, in July 2011, the U.S. Government Accountability Office reviewed laboratories that mainly consisted of EPA-owned facilities. We also excluded warehouses, parking spaces, storage rooms, and child care facilities because they had low annual costs. We used the remaining 92 owned/leased and EPA special use offices for the audit universe. These facilities have total annual operating costs of approximately \$206 million, which is approximately 74 percent of the annual operating cost of the 170 facilities.
- Using GSA's recommended federal benchmark of 190 USF per person, selected sample offices for review that had a potential annual cost savings of over \$225,000. This came to 16 offices with total operating costs of approximately \$135 million and potential annual savings of \$31.8 million.
- Calculated under/over-utilized space for the 16 sampled offices based on EPA's internal standard of 210 USF per person and GSA's federal benchmark of 190 USF per person (appendix B).

To calculate potential cost savings, we:

- Divided office USF by number of personnel and compared it to the EPA rate of 210 per person, thus arriving at under-utilized USF per person.
- Multiplied under-utilized USF per person by number of personnel to arrive at total under-utilized USF for the building.
- Divided annual operating cost by office USF to arrive at operating cost per USF.
- Multiplied total under-utilized USF for the building by annual operating cost per USF to arrive at potential cost savings.

## Prior Reports

In January 2009, the OIG issued Report No. 09-P-0080, *Congressionally Requested Report on EPA Staffing Levels and Total Costs for EPA Facilities*. This report provided Congress with information on staffing levels, rental/lease fees, and utility and security costs for all EPA facilities and locations where EPA incurred employee-associated costs.

We reviewed the U.S. Government Accountability Office's July 2011 Report No. GAO-11-347, *To Better Fulfill Its Mission, EPA Needs a More Coordinated Approach to Managing its Laboratories*, to determine whether EPA laboratories should be included in our audit. As a result of that report, we decided to exclude laboratories.

## Appendix B

# ***Calculations for Under-Utilized Space and Excess Cost for 16 Sampled Facilities***

**Using EPA's 210 USF per person**

Location and building name	USF	Personnel	Current	Under-utilized	Total under-utilized USF	Annual operating		Excess annual operating cost
			USF per person	cost per USF		cost	cost per USF	
HQ-Ariel Rios Building	446,324	1,649	271	61	100,589	\$25,130,427	\$56.31	\$5,664,167
R 2-Ted Weiss Building	243,057	851	286	76	64,676	19,824,229	81.56	5,274,975
R 1-John W. McCormack	224,261	697	322	112	78,064	12,497,786	55.73	4,350,507
R 7-901 North 5th Street	182,554	631	289	79	49,849	7,110,492	38.95	1,941,619
R 5-Ralph H. Metcalfe	325,128	1390	234	24	33,360	13,023,915	40.06	1,336,402
R 3-1650 Arch Street	268,968	1,084	248	38	41,192	7,262,002	27.00	1,112,184
R 10-Park Place Building	154,006	685	225	15	10,275	6,727,108	43.68	448,812
R 2-City View Plaza, PR	19,700	63	313	103	6,489	1,193,687	60.59	393,169
HQ-Colorado Building	9,667	17	569	359	6,103	547,545	56.64	345,674
R 6-Fountain Place	239,130	1,084	221	11	11,924	4,928,459	20.61	245,754
R 9-Los Angeles Field Off	13,907	29	480	270	7,830	326,437	23.47	183,770
HQ-310 L Street	123,279	500	247	37	18,500	1,216,534	9.87	182,595
R 5-Norwood Prof. Building	28,594	115	249	39	4,485	618,300	21.62	96,966
R 5-Nat'l Vehicle & Fuel <sup>1</sup>	59,100	282	210	Utilized	-	2,345,783	39.69	-
R 9-75 Hawthorne Street <sup>2</sup>	204,014	987	207	Utilized	-	10,692,122	52.41	-
HQ-Reagan Building <sup>3</sup>	230,664	1,137	203	Utilized	-	18,463,553	80.05	-
<b>Total</b>	<b>2,772,353</b>	<b>11,201</b>			<b>433,336</b>	<b>\$31,908,379</b>		<b>\$21,576,594</b>

Source: Source: OIG analysis of EPA data provided by FMSD and regional facility managers.

- 1 Due to using 210 USF and increased personnel head count, the audit result disclosed that it is utilized.
- 2 Due to using 210 USF and decreased USF and personnel head count, the audit result disclosed that it is utilized.
- 3 Due to using 210 USF, the audit result disclosed that it is utilized.

### **Descriptions for above table**

Column description	Calculation formula
Usable square feet (USF)	Provided by FMSD
Personnel	Provided by regional facility managers
Current USF per person	Usable square feet divided by personnel
Under-utilized USF per person	Current USF per person minus 210 USF
Total under-utilized USF	Under-utilized USF per person times personnel
Annual operating cost	Obtained from SLATE as of 2/1/2012
Annual operating cost per USF	Annual cost divided by USF
Excess annual operating cost due to total under-utilized USF	Annual operating cost per USF times total under-utilized USF

## Using 190 USF per person

Location and building name	USF	Net usable plus circulation square feet	Personnel	USF	Under/(over) utilized
				Per person	
HQ—Colorado Building	9,667	6,434	17	378	188
R 2—Ted Weiss Federal Building	243,057	187,542	851	220	30
HQ—Ariel Rios Federal Building	446,324	330,888	1,649	201	11
R 1—John W. McCormack Building	224,261	128,250	697	184	(6)
R 5—Ralph H. Metcalfe Federal Building	325,128	224,855	1,390	162	(28)
R 7—901 North 5th Street	182,554	110,668	631	175	(15)
HQ—1310 L Street	123,279	87,635	500	175	(15)
R 3—650 Arch Street	268,968	185,282	1,084	171	(19)
R 9—75 Hawthorne Street	204,014	146,321	987	148	(42)
R 6—Fountain Place	239,130	155,253	1,084	143	(47)
HQ—Ronald Reagan Building	230,664	167,536	1,137	147	(43)
R 10—Park Place Building	154,006	93,788	685	137	(53)
R 2—City View Plaza, Puerto Rico	19,700	Information not provided	63	N/A	N/A
R 5—National Vehicle & Fuel Emissions	59,100	Information not provided	282	N/A	N/A
R 5—Norwood Professional Building	28,594	Information not provided	115	N/A	N/A
R 9—Los Angeles Field Office	13,907	Information not provided	29	N/A	N/A
<b>Total</b>	<b>2,772,353</b>		<b>11,201</b>		

Source: Data provide by FMSD and facility managers as of February 2012.

### Descriptions for above table

Column description	Calculation and Source
Usable square feet	Provided by FMSD
Net usable plus circulation square feet	Offices, cubicles, conference rooms, and hallways
Personnel	Provided by facility managers
USF per person	Net use plus circulation square feet divided by personnel
Under/(over) utilized at 190 USF per person	USF per person minus 190

## Appendix C

### ***Cost of Housing Contractors On-Site at 16 Sampled Facilities***

Location and building name	USF	Personnel	Current USF per person	No of contractors	USF for contractors	% of USF for contractors	Annual operating	
							cost	cost for contractors
R 1-John W. McCormack	224,261	697	322	53	17,066	7.61%	12,497,786	951,081
R 2-Ted Weiss Building	243,057	851	286	79	22,594	9.30%	19,824,229	1,843,653
R 2-City View Plaza, PR	19,700	63	313	-	-	0.00%	1,193,687	-
R 3-1650 Arch Street	268,968	1,084	248	82	20,336	7.56%	7,262,002	549,007
R 5-Ralph H. Metcalfe	325,128	1390	234	58	13,572	4.17%	13,023,915	543,097
R 5-Nat'l Vehicle & Fuel	59,100	282	210	36	7,560	12.79%	2,345,783	300,026
R 5-Norwood Prof. Building	28,594	115	249	7	1,743	6.10%	618,300	37,716
R 6-Fountain Place	239,130	1,084	221	77	17,017	7.12%	4,928,459	350,906
R 7-901 North 5th Street	182,554	631	289	11	3,179	1.74%	7,110,492	123,723
R 9-75 Hawthorne Street	204,014	987	207	59	12,213	5.99%	10,692,122	640,458
R 9-Los Angeles Field Off	13,907	29	480	3	1,440	10.35%	326,437	33,786
R 10-Park Place Building	154,006	685	225	40	9,000	5.84%	6,727,108	392,863
<b>Subtotal - contractors only</b>	<b>1,962,419</b>	<b>7,898</b>		<b>505</b>	<b>125,720</b>		<b>86,550,320</b>	<b>5,766,316</b>
HQ-Reagan Building*	230,664	1,137	203	135 <sup>1</sup>	27,405	11.88%	18,463,553	2,193,470
HQ-Ariel Rios Building	446,324	1,649	271	117 <sup>1</sup>	31,707	7.10%	\$ 25,130,427	1,784,260
HQ-1310 L Street*	123,279	500	247	51 <sup>1</sup>	12,597	10.22%	1,216,534	124,330
HQ-Colorado Building	9,667	17	569	-	-	0.00%	547,545	-
<b>Subtotal – contractors &amp; nonfederal personnel</b>	<b>809,934</b>	<b>3,303</b>		<b>303</b>	<b>71,709</b>		<b>45,358,059</b>	<b>\$ 4,102,060</b>
<b>Total</b>	<b>2,772,353</b>	<b>11,201</b>		<b>808</b>	<b>197,429</b>		<b>\$131,908,379</b>	<b>\$ 9,868,376</b>

Source: OIG analysis of data in SLATE and from EPA sampled office facility managers as of February 2012.

1 Calculation includes contractors as well as Senior Environmental Employment enrollees and others as FMSD was unable to provide breakdowns.

#### Descriptions for above table

Column description	Calculation formula
Current USF per person	USF divided by personnel
No. of contractors	Provided by facility managers
USF for contractors	Current USF per person times number of contractors
% of USF for contractors	USF for contractors divided by USF
Annual operating cost	Obtained from SLATE as of 2/1/2012
Annual cost for contractors	Annual operating cost times percentage of contractors

## ***Agency Response to Draft Report***



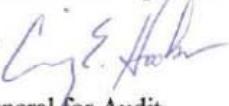
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

NOV 15 2012

OFFICE OF  
ADMINISTRATION  
AND RESOURCES  
MANAGEMENT

### **MEMORANDUM**

**SUBJECT:** Response to Draft Report: *EPA Can Further Reduce Space in Under-Utilized Facilities*

**FROM:** Craig E. Hooks, Assistant Administrator 

**TO:** Melissa M. Heist, Assistant Inspector General for Audit  
Office of Inspector General

Thank you for the opportunity to review and comment on the draft report (Project No. OA-FY12-0056), dated October 4, 2012. In the attachment we are providing clarification of three issues pertaining to factual accuracy and a discussion regarding our concurrence or nonconcurrence with your five proposed recommendations.

If you have any questions pertaining to this response, please contact Renee Page, Director, Office of Administration, at (202) 564-8400.

Attachment

cc: Renee Page

**Office of Administration and Resources Management**  
**Response to Draft Report: Project No. OA-FY12-0056**  
***EPA Can Further Reduce Space in Under-Utilized Facilities***

Issues pertaining to factual accuracy

Report language in Executive Summary and on page 12: "EPA omitted reporting in SLATE an entire Region 5 building (325,128 USF)."

According to the methodology on page 17, you obtained a listing of facilities in SLATE as of November 2011, and determined that the Ralph H. Metcalfe Federal Building was not included. This is an incorrect conclusion. An April 28, 2011, SLATE report already included the building in the inventory.

Report language on page 11: "Both GSA and EPA recognize that the average office space can be reduced to 60 square feet in upcoming years."

The referenced document containing the GSA's 60 square foot number is the GSA's July 2011 report, *Workspace Utilization and Allocation Benchmark*, as indicated on page 4 of the draft. This GSA document hypothesises that the 60 square feet could be achieved only through extensive use of alternative workspace arrangements, such as hoteling, home office and teleworking on a fulltime basis. The EPA's current policy limits telework to no more than two days per week and would therefore have to be modified. Such a significant change has already been the subject of extensive negotiation and delay. Hence, at this time, the EPA does not recognize that the average office space can be reduced to 60 square feet in upcoming years."

Report language on page 8: "Also, EPA's 2011 draft *New Mobile Work Space Design Guidelines* require a typical work station to be up to 60 USF and a telework station up to 30 USF per person; both are substantial space reductions from the 210 USF per person used in our analysis."

The guideline numbers of 60 and 30 USF are not considered reductions from the 210 square feet per person number, which incorporates required space outside the actual workstation for circulation, filing, conferencing, collaboration and small meeting rooms. A reasonable design reduction from 210 square feet would be 175 square feet per person.

Comments pertaining to concurrence or nonconcurrence with proposed recommendations

Chapter 2 – "EPA Can Further Strive for Space Reduction"

- 1. Assess utilization of GSA-owned and leased facilities and relocate staff as warranted to reduce under-utilized space.**

OARM response: Concur      Anticipated completion - ongoing

The EPA's space consolidation efforts have been ongoing since 2007. OARM continues to identify options throughout program offices and the regions to do

work differently in support of the June 2010 Presidential Memorandum, *Disposing of Unneeded Federal Real Estate*. To further this initiative and at the direction of the Administrator and Chief Financial Officer, OARM is implementing a plan to reduce the EPA's office space by 20 percent at its leased facilities. The redesign plan has already been implemented in the new Kansas City Regional Office and plans are underway to incorporate collaboration, greater mobility and advanced technology into the design of the new Region 9 offices. In Headquarters, several pilot projects are in development that will also demonstrate open design principles. In addition, we are in the process of relocating two offices within the Office of the Administrator that will release more than 19,000 square feet of leased office space and realize almost \$1M in annual rent avoidance beginning in FY2013.

**2. Develop space guidelines for support spaces and assess the number and size of support spaces needed at the time of a new or renewal lease.**

OARM response: Concur                      Anticipated completion - December 2013

The agency has guidance per the July 2004 Space Acquisition and Planning Guidelines that describe the approximate size and frequency of special spaces typically found at EPA facilities. OARM will revise the October 2011 draft *New Mobile Work Space Design Guidelines* to include support space guidance that will be used for new and renewal leases.

**3. Require the Office of Acquisition Management, in conjunction with the Office of Administration, to develop and enforce a policy that requires justification for contractor personnel to utilize on-site work space at EPA facilities and confirmation of the justification by FMSD and regional facility managers.**

OARM response: Does Not Concur

Decisions regarding on-site contractors are strictly based on the work being performed. Rather than developing and enforcing a policy, OARM believes that a more prudent approach would be to require the EPA's contracting staff to ensure that approval for on-site contractor performance is obtained from the responsible office and documented in the contract file.

Chapter 3 "Personnel and Usable Square Feet Data in SLATE Not Updated Timely"

**4. Require that personnel information be consistently tracked and updated in EPA's designated real property management system and SLATE on an annual basis or more often if needed.**

OARM response: Concur                      Anticipated completion - December 2013

OARM is developing a process whereby facility mangers will be required to update personnel data in the designated real asset management system. Facilities

Management and Services Division staff will provide oversight to ensure updates are provided. SLATE is no longer an active system.

**5. Require FMSD to update USF information whenever a change in the office space is made.**

OARM response: Concur

Anticipated completion - December 2013

OARM has an internal policy to update the usable square feet of any agency facility once the EPA assumes or releases occupancy of space. As noted in the response to recommendation 4 above, facility managers will update the usable square feet which will be audited by FMSD staff.

## **Appendix E**

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